

many people in America make less than \$30,000 a year—51 percent. They get a tax increase out of this when you consider the cuts in the EITC, student loans, and all the others. At the same time, the richest 1 percent of the people in the country get \$20,000 in tax cuts. Think of that, 50 percent of the people on the lowest rung of the ladder get a tax increase, and people making \$200,000 a year or more get \$20,000.

What has happened to the country? Why do we do things like that? It betrays everything I believe in. During the Depression when I was growing up in a family poor as Job's turkey, we looked to the Government to help us, not hurt us. It was the Government we turned to for sewer systems and water systems and paved streets and rural electrification. Today, we are saying, let them eat cake.

Who wants the tax cut? Seventy percent of the people in this country, in a USA Today poll, said reduce the deficit. One-third as many, 24 percent, said give me a tax cut. There is no clamor for it.

On the earned income tax credit, President Reagan, Majority Leader DOLE, Senator DOMENICI, and many others on the Republican side of the aisle have said that is a wonderful program. So what are we going to do? We are going to cut it.

Mr. President, it is not just the tax bill that is so horrendous about this thing. There are all kinds of things in there. We continue to give away western lands to the biggest corporations in America, the mining corporations. And there is \$18 million, over a 7-year period, in here against the mining companies. They get off scot-free—essentially scot-free.

And then there is ANWR. Open up ANWR up on the north slope. That is going to be a tough one, Mr. President. That is going to be debated heavily here, because that is the same thing as an asset sale. When you sell an asset—as any businessman will tell you—that is a one-time bonanza for you. If you put that one-time bonanza into your operating budget, you will be in big trouble the next year.

Mr. President, we are selling our petroleum reserve in Elk Hills, our naval petroleum reserves. We are selling 40 million barrels of oil out of our strategic petroleum reserve. We are selling everything in the world we can lay our hands on, with no thought of what you do for an encore, once you sell those assets. Until a few months ago, Congress could not count the sale of an asset as a revenue raiser. Why? Because counting the revenue from an asset sale fails to show the loss of value of the asset. It was only this year that Congress changed the budget law to allow asset scoring and count it toward balancing the budget. Now that we have changed the scoring process, we are selling everything we can get our hands on and counting that against the deficit.

Let me go back to the earned income tax credit for a moment. The EITC helps reduce the poverty rate. Look at this chart. In 1993, 15.1 percent of the people lived in poverty. By 1994, the poverty rate had dropped to 14.5 percent. And if you consider the actual number of persons living in poverty, it was down almost one million people. So what are we going to do? Cut the earned-income tax credit, even as the program is working. There is the proof.

The other day at this Million Man March, the point was made over and over again that fewer and fewer black people are enrolling in college. So what are we going to do? We are going to cut education funds by 30 percent—the most massive cut in the history of the country in education. It is going to make it much more difficult to get a loan, and then more difficult to pay it off.

We are torpedoing all the programs that are working. Mind you, there are some programs that we need to torpedo, but the EITC and educational loans are not among them. I stood on this floor and I fought the B-2 bomber, I fought the space station, and I fought the super collider. I fought so many fights trying to save money to get spending under control here, and I lost most of them. Do you know why? Because the companies who make those big-ticket items dominate. We are not going to solve our spending problems until we reform campaign financing. The space station is made in 36 States, and that guarantees that it will continue. It is the most horrendous, outrageous waste of money in the history of man, and you cannot stop it. But you can sure stop payments to old people, who depend on Medicare for their health care.

You think of it. A \$270 billion cut in Medicare. A \$182 billion cut in Medicaid, health care for the poorest of the poor. I ask for 1 additional minute.

Mr. THOMAS. Mr. President, I object. We were set up for 10 minutes.

The PRESIDING OFFICER. Objection has been heard. The Senator has spoken for 10 minutes.

Mr. BUMPERS. I yield the floor.

Mr. THOMAS addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

BALANCING THE BUDGET

Mr. THOMAS. Mr. President, when we have an arrangement to speak for 10 minutes, it seems to me that is what we should do.

I want to talk a little bit about the opportunity and the time that we now have to come to a decision. We have been talking this whole year about budgets, about balanced budgets. We started out in the beginning of the year with a vote on balanced budgets, which lost by one vote. We have worked the whole year long, and now we are down to the place where it begins to count. We are down to where we are going to make a decision as to what we do.

Mr. President, I listened to my colleague on the other side, and I have heard that speech for 25 years. For 25 years, we have not balanced the budget in this place. Every year we have the same litany of reasons why we cannot do that. For the first time in that period of time, we have a dedication to doing it. For the first time, we have a pattern to do that. We can balance the budget.

The real question is, is it reasonable, is it morally and fiscally responsible to go for 25 years without balancing the amount of money you take in with the amount of money you take out? How long could you do that in your family or in your business? We are beginning to have the same repercussions that you would have there—the repercussion being that we have a \$5 trillion debt, and we will have to vote on that this month, or early next month; that the interest on that debt will now amount to probably the largest single-line item in the budget. So we hear, year after year, the same litany of reasons why we cannot do this, basically, frankly, from the same people who have been here for 25 years. I do not mean to be critical. It is a tough decision. But people sent us here, this year particularly, to deal with that issue. It is time to do that. We hear the talk about the Reagan years, when we reduced taxes and the promise that it would increase the economy. It did in fact increase the economy markedly. The problem was, we did not reduce or hold down spending. The constitutional responsibility for doing that lies right here in this Congress. Right here. It is our responsibility to do that.

We hear about capital gains tax cuts. These are tax cuts that provide an opportunity for investment to create jobs, that give us a prosperous economy and give us a chance for people to work and take care of their families. That is what that is about. The earned income tax credit. That will continue to grow. It has been the fastest growing program in the entire budget. It started out, I believe, at about \$1.5 billion. It has gone to \$25 billion in less than 10 years and is scheduled to go to \$32 billion. That is a cut? Give me a break. It is not a cut. It is also one of the programs that has been most filled with inconsistencies, and indeed fraud in many cases, payments going to people that did not qualify for them.

So, Mr. President, it is really time that we take a little look at what we are doing here. If we do not balance the budget, what happens? If we do not do something about Medicare, what happens? Medicare in the trust fund, in part A, goes broke in 2002. That is the way it is. So we have to do something about it. A child born today owes \$187,000 in interest on the Federal debt. That is where we are. That is why we have to do something about it. By the year 2015, all of our spending will be on entitlements and the national debt interest. All of our tax revenues will be taken for that reason.

So what do we need to do? Obviously, we need to balance the budget. We need to preserve, protect and strengthen Medicare. We need to reform welfare. And we need to—to the extent that we can do it after the budget is balanced—reduce the taxes on American families so they can spend more of their own money.

In this proposition, the tax cutting comes after the balanced budget is certified. That is the system. That is the plan that we have here. The benefits include lower interest rates for businesses, for families, and less expensive homes, cars, and student loans. The Senator talked about education. Student loans will be at a lower interest rate. There will be a higher standard of living. Some estimate there will be as many as 6 million more jobs. So we have to do this.

The best opportunity that we have had will be before us in the next 2 weeks. That is what the voters said to us last November. That is their expectation. That is our expectation—those of us, particularly, who have just come this year. We came with the commitment to fundamentally change the direction in which we are going. We came with a commitment to change the things the Senator was talking about—deficits for 25 years. The administration does not have a budget that will give us a balanced budget. The first budget was defeated 99-0. The second was not voted on. By CBO's own estimates, at the end of 10 years, it will still have a \$200 billion deficit.

So we can talk about the same things we have talked about forever. We can talk about all the reasons why this cannot be done. We can make excuses. But the real question is, is it fiscally and morally responsible to move toward a balanced budget in 7 years? If the answer is yes, then the opportunity arises before us in this next 2-week period.

Mr. President, I hope that my colleagues will take advantage of this opportunity and that, for the first time in a very long time, we will have changed the course of irresponsible spending and moved into a time of a responsible balanced budget.

I yield the floor.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

WHY AMERICANS NEED TAX REFORM

Mr. GRAMS. Mr. President, I have been sitting here listening earlier tonight to some of my colleagues on the other side of the aisle talking about the numbers and problems associated with trying to balance this budget over the next 7 years, and while they have been laughing and telling jokes, not just tonight, but for the last 30 years, they have buried the American taxpayer \$5 trillion in debt. It would be funny, maybe, if it were not so serious.

They talk about the Social Security trust fund and that Republicans are

spending every dime to balance this budget over the next 7 years. But what they fail to tell you is that they have endorsed this same practice for years. In fact, this year alone, the budget that the President of the United States that they passed in 1993 spent every dime of the surplus out of the Social Security trust fund, which, by the way, under law, can only be invested in U.S. securities, backed by the Federal Government. So that money goes to the Treasury, and it has been spent by the Congress ahead of us, by the Democratic majority. It has been spent away. So when they talk about the Republicans using every dime from the Social Security trust fund, they should look at their votes in 1993, as their President tried to mask the deficit in the budget by using those trust fund dollars.

In fact, the deficit touted today by this President of \$170 billion actually is using \$68 billion of Social Security trust fund money from this year. Otherwise, he would have to report a deficit of about \$240 billion. This Congress has inherited the troubles created over the last 30 years. It would have been a lot easier, especially politically, if we could have just continued this huge giveaway. But it would have been at the expense of the next generation. It was time to stand up and look this problem in the face and make some of those tough decisions.

The Democrats talked about the drastic cuts. Just a few moments ago, my good friend from Arkansas talked about fewer dollars for education. Well, these are the first signs of the problems we are facing today because of the last 30 years and the spending spree that this Congress has been on.

The Democrats have pre-spent those dollars that could be used today for education, and if we do not get this budget under control today, next year those problems are even going to be worse, and we are going to be talking about other programs that are not going to have the dollars because they are going to pay interest and other expenses.

So we do have to make some very serious decisions, Mr. President. Otherwise, our next generation, and the generation after, are going to have to pay for the mistakes we have made, and we should not leave them, financially or morally, that way. It is wrong to do that. This is the first good attempt to put a balanced budget in place that is going to make sure that we do not leave our children with our debts.

Mr. President, as we begin debating the tax policy, including a \$245 billion tax cut, I believe that the time has come to also begin some serious discussions about how best to reform our badly outdated Tax Code itself.

Since 1913, when Congress first gained the power to impose taxes on income, the Tax Code has been manipulated and expanded so many times by Congress that it has become the great-

est barrier between the American people and their Government.

Every segment of society has a reason to complain about the Tax Code. For individuals and families, the cost of complying with the Tax Code too often becomes the difference between making it in America, and just making do.

I have spoken several times on the Senate floor about a young Minnesota family, the Wolstads, who represent the very frustrations felt by millions of Americans when it comes to the topic of taxes.

Natalie Wolstad wrote to me about the enormous tax burden her family is forced to bear, a burden she and her husband did not fully appreciate until they met 1 day with their realtor, and learned they simply could not afford to purchase a new home on their own.

Countless other Minnesota families have sent me letters sharing similar stories of their own.

They were trying to decide, "Where are we spending our money foolishly?" When they finally looked at their pay stubs, they were seeing how much money was being taken from them in taxes.

Yes, the Tax Code is tough on families, and it is equally hard on America's job providers—small businesses and large.

When nearly 2,000 entrepreneurs gathered in Washington this summer for the third White House Conference on Small Business, they came with hundreds of ideas on how to make Government more responsive to the people who create the jobs on Main Street.

Although their suggestions covered an enormous range of concerns, one point generated near-universal agreement: something must be done about the complex and costly Federal tax system.

If Congress is truly serious about answering the calls of help from the American people and reforming the tax system, there are three distinct problems which must be addressed.

First, taxes are too high. That is something President Clinton acknowledged this week, when he admitted that the recordbreaking tax increase he pushed through Congress in 1993 was too much for the American people.

Under the headline in the paper "Tax Rise," "too much," President Clinton concedes. But he did take time to blame the Republicans for it. That is at a time when the Democrats controlled every branch of Government—the House, the Senate, and the White House. I welcome the President's realization, but I wish it had come before he signed the \$255 billion tax hike into law.

The first step toward building a better Tax Code is to look at the role of the Federal Government and let the people start keeping more of their own money, which they work for.

After all, it does not belong to the Government in the first place. And who